

Message Text

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ACTION ABF-01

INFO OCT-01 EA-06 ISO-00 EB-07 A-01 IO-10 /026 W

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R 121200Z MAY 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 61

C O N F I D E N T I A L TOKYO 6258

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E.O. 11652: GDS

TAGS: AGAO ETRD

SUBJ: GOA AUDIT

REF: (A) STATE 102966

(B) TOKYO 6034

(C) TOKYO 5812

1. SUMMARY. GOA DIRECTOR INT'L DIVISION FASICK ASSURED AMB AND SENIOR EMB AND USFJ OFFICERS THAT GAO AUDITS IN JAPAN WILL BE CONDUCTED IN RESPONSIBLE BUSINESS-LIKE MANNER AND AUDITORS WILL BE GUIDED BY EMBASSY WITH RESPECT TO JAPANESE SENSITIVITIES. GAO OFFICIALS NOTED DISTINCTION BETWEEN AUDITS AT SPECIFIC REQUEST OF CONGRESS (WHERE GAO HAS LESS FLEXIBILITY) AND SELF-GENERATED AUDITS. GAO INTENDS TO PROCEED WITH SELF-GENERATED AUDIT OF BUY NATIONAL/GOVT PROCUREMENT POLICIES IN JAPAN (BOTH IMPLA - MENTATION HERE OF BUY AMERICA LEGISLATION AS WELL AS JAPANESE POLICIES) AND TEAM FOR THAT PURPOSE WILL ARRIVE MAY 27 FOR STAY OF UNCERTAIN DURATION. GAO CONSIDERS IT OPERATES UNDER NO CONSTRAINTS OTHER THAN CONSEL AND ADVICE OF EMBASSY WITH RESPECT TO DIRECT CONTACT WITH HOST COUNTRY GOVT. (AMBIGUITY REMAINS AS TO WHAT HAPPENS IF AUDITORS AND EMBASSY NOT IF FULL AGREEMENT.) ACTION REQUESTED: ANY FURTHER GUIDANCE DEPT MAY BE IN POSITION TO PROVIDE US PRIOR TO MAY 27 CONCERNING SCOPE OF GAO AUDIT OF JAPAN'S GOVT PROCUREMENT POLICIES. END SUMMARY. CONFIDENTIAL

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2. GAO DIRECTOR FASICK ACCOMPANIED BY STAFF OFFICIALS ROMAN AND SHELEY SPENT LARGE PART OF DAY MAY 9 WITH AMB, DCM, E/C MIN, POL COUNSELOR, AND GENERALS GALLIGAN AND SNOWDEN. DISCUSSION AMICABLE THROUGHOUT. FASICK

STRESSED EXAMPLES OF AUDITS CONTAINING NO CRITICAL COMMENTS. GAO DOES NOT CONSIDER ITS PRIMARY ROLE IS TO UNCOVER AND EXPOSE WASTE/INEFFICIENCY BUT FASICK AWARE GAO HAS TENDED ACQUIRE THIS REPUTATION BECAUSE OF TENDENCY OF SOME MEMBERS OF CONGRESS TO PUBLICIZE WHAT THEY CONSIDER A NEWSWORTHY FACT BURIED SOMEWHERE IN GAO REPORTS.

3. FASICK SAID GAO REPUTATION FOR DISPASSIONATE FACTUAL AUDITS REQUIRES DIRECT ACQUISITION OF BASIC INFORMATION FROM ORIGINAL SOURCES RATHER THAN RELIANCE ON MATERIAL COLLECTED BY OTHERS EVEN IF OF RECENT DATE. CONSEQUENTLY AND WITH REFERENCE TO FORTHCOMING AUDIT OF BUY NATIONAL POLICIES, GAO WOULD NOT CONSIDER IT ADEQUATE TO RELY SOLELY ON GOJ SUBMISSIONS TO OECD AND OR ON EMBASSY FILES GEROENE TO THIS QUESTION BUT AUDITORS WOULD WANT TO HAVE OPPORTUNITY OBTAIN CURRENT INFO ON JAPANESE REGULATIONS AND POLICIES DIRECTLY FROM APPROPRIATE JAPANESE SOURCES. IN RESPONSE OUR QUERY, FASICK SAID GAO CONSIDERS IT OPERATES UNDER NO CONSTRAINTS WITH RESPECT TO DIRECT CONTACT WITH HOST COUNTRY GOVT OTHER THAN ADVICE OF EMBASSY. FASICK GAVE EXAMPLE OF ADVICE BY EMBASSY MOSCOW TO AVOID CONTACT WITH SOVIET GOVERNMENT IN CARRYING OUT RECENT EAST-WEST TRADE AUDIT WHICH GAO ACCEPTED. HE ADDED THAT IF EMBASSY COULD PRESENT CONVINCING SUBSTANTIVE REASON TO AVOID CONTACT WITH GOJ ON ANY PARTICULAR ISSUE (E.G. SENSITIVE POLICY ISSUE IMPINGING ON NATIONAL SECURITY) GAO WOULD ACT ACCORDINGLY UNLESS AUDIT UNDERTAKEN AT SPECIFIC CONGRESSIONAL DIRECTION IN WHICH CASE GAO HAD NO FLEXIBILITY.

4. FASICK SAID GAO RELIES PRIMARILY ON GENERALISTS RATHER THAN SPECIALISTS TO CARRY OUT AUDITS AND RECOGNIZED THAT MIGHT ACCOUNT FOR EMBASSY OPINION THAT SOME RECENT GAO AUDITORS IN TOKYO DID NOT SEEM BE WELL PREPARED. WE CANDIDLY EXPLAINED PROBLEMS THIS HAS RAISED FOR OUR STAFF LEVEL OFFICERS WHO SOMETIMES FEEL THEY MUST DEVOTE TOO MUCH TIME TO AUDITORS AT EXPENSE THEIR REGULAR WORK. CONFIDENTIAL

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WE ALSO REQUESTED DURATION OF AUDITS BE SHORTENED TO WHICH FASICK RESPONDED AUDITORS HAVE TOO HEAVY CASE LOAD TO DRAG OUT OVERSEAS AUDITS BEYOND MINIMUM REQUIRED AND THUS IF AUDITORS CAN COMPLETE WORK TO THEIR SATISFACTION IN ONE WEEK THEY WILL LEAVE EVEN IF AUDIT ORIGINALLY PLANNED FOR A FULL MONTH.

5. FASICK SAID GAO ANXIOUS TO PROCEED WITH BUY NATIONAL AUDIT AS AUDIT IN JAPAN ONLY PART OF AUDIT UNDERWAY IN OTHER MAJOR COUNTRIES. HE PROPOSED TEAM ARRIVE DURING WEEK OF MAY 12 BUT ACCEPTED OUR REQUEST FOR MORE LEAD TIME. TEAM WILL ARRIVE MAY 27 FOR INDEFINITE STAY.

6. ACTION REQUESTED: SEE END OF SUMMARY PARA 1 ABOVE.

HODGSON

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<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AUDITS, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TOKYO06258
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Film Number: D750165-0563
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197505100/baaaafj.tel
Line Count: 112
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ACTION ABF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 18 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 JUN 2003 by izenbei0>; APPROVED <21 OCT 2003 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> jms 971009
Subject: n/a
TAGS: ETRD, JA, US, GAO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006